Application of Wisconsin Electric Power Company
To Install Selective Catalytic Reduction Facilities and Associated Equipment on Edgewater Unit 5 for Control of Nitrogen Oxide Emissions
Docket No. 05-CE-137

Data Request PSC 06.04

Request:

06.04 Provide a comparison and discussion regarding how lower capacity factors than those provided within the EGEAS analysis may affect the cost-effectiveness of the project, given the recent reductions in Midwest Independent Transmission System Operator (MISO) energy consumption, the recent decrease in natural gas costs, projected CO_2 emission limits, etc.

Response:

For background, WE's share of Edgewater Unit 5 capacity factors for the 2007, 2008 and Jan-July 2009 have been 65%, 64% and 57%, respectively.

Edgewater Unit 5 capacity factors vary in WE's EGEAS analysis so the effects of high and low gas prices and CO2 monitization can be compared directly (see WE's June 5, 2009 supplemental response to PSC 02.01 showing EGEAS result comparisons). While WE did not run a MISO load sensitivity case, I expect it would be in the same direction as gas prices (lower gas prices result in lower MISO prices and lower MISO loads result in lower MISO prices).

Lower capacity factors resulting from lower MISO prices, lower loads (WE and /or MISO), lower gas costs or CO2 monitization will lower the cost-effectiveness of the project for WE.

Answered by: Jeff Knitter

Date: September 15, 2009